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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

ANGEL FRALEY; PAUL WANG; SUSAN
MAINZER; JAMES H. DUVAL, a minor, by
and through JAMES DUVAL, as Guardian ad
Litem; and W.T., a minor, by and through
RUSSELL TAIT, as guardian ad Litem;
individually and on behalf of all others
similarly situated,

Plaintiffs,

v.

FACEBOOK, INC, a corporation; and DOES
1-100,

Defendants.

Case No. 11-CV-01726 LHK (PSG)

**DECLARATION OF JOHN HEGEMAN IN
SUPPORT OF DEFENDANT FACEBOOK,
INC.'S OPPOSITION TO PLAINTIFFS'
MOTION FOR CLASS CERTIFICATION**

Date: May 24, 2012
Time: 1:30 p.m.
Courtroom: 4
Judge: Hon. Lucy H. Koh
Trial date: December 3, 2012

**[PUBLIC REDACTED
VERSION]**

1 I, John Hegeman, hereby declare as follows:

2 1. I am an Engineering Manager at Facebook, Inc. ("Facebook"). I have personal
3 knowledge of the facts set forth herein, and, if called as a witness, I could and would competently
4 testify thereto.

5 2. I received a Bachelor of Science in Mathematics and a Bachelor of Arts in
6 Economics from Stanford University in 2006. I also received a Masters of Arts in Economics
7 from Stanford in 2008. I have been employed by Facebook since 2007. In my current role, I
8 manage the team responsible for Facebook's online auction system—[REDACTED]

9 [REDACTED]
10 [REDACTED] Based on my overall experience working for Facebook, I also have
11 general knowledge of the functioning and layout of the website, as well as Facebook's marketing
12 products, including Sponsored Stories.

13 Ads and Sponsored Stories

14 3. Facebook currently offers two types of marketing products: Facebook Ads (which
15 may be paired with "social context" and Sponsored Stories. Sponsored Stories and Facebook Ads
16 are generally displayed on the right-hand side of pages on Facebook,¹ with Sponsored Stories
17 typically appearing above—meaning higher up on the page than—Ads.

18 4. Until approximately November 2011, Facebook typically displayed between one
19 and four units of Ads and Sponsored Stories on the right-hand side of the page. Since December
20 2011, between zero and seven units may be displayed, with the number being determined in real
21 time for each page load based on a variety of factors.

22 5. Because individuals, businesses, and organizations may purchase Ads or
23 Sponsored Stories on Facebook for a number of different reasons, including to advertise products
24 or to achieve a variety of marketing objectives, I will refer to the people or entities that purchase
25 Ads or Sponsored Stories on Facebook as marketers.

26 _____
27 ¹ In January 2012, Facebook began to display Sponsored Stories in the "News Feed" in the center
28 column on the Facebook website. [REDACTED]

6. Marketers purchase “Premium” Ads or Sponsored Stories through a direct sales representative. A Premium unit is one that appears on the Facebook Home Page, which is generally the first page Facebook users (“Users”) see when they log in to Facebook to access their News Feeds. If a Premium unit is displayed, it will be the only sponsored unit displayed on the Home Page. Premium units are priced according to fixed rates, though [REDACTED] [REDACTED] To the best of my knowledge, the pricing for all Premium units is not affected by whether the units are Ads or Sponsored Stories.

7. All other Ad and Sponsored Story units are called “Marketplace” units. Marketplace units may be displayed on the Home Page, as well as any other pages on Facebook. They may be purchased via a self-service channel on the Facebook website (www.facebook.com/ads/create) or through a direct sales representative.

8. When a marketer purchases units through the self-service channel, the marketer must work through a series of pages (referred to as a “flow”) to specify (among other things) (1) the maximum price that it is willing to pay, either on a “cost-per-click” (“CPC”) basis or a “cost-per-thousand-impressions” (“CPM”) basis,² (2) its daily or lifetime budget for a particular campaign, and (3) the types or categories of Users it wants to target. The *actual* price that is charged to a marketer that uses the self-service channel is determined by a complex auction that I describe below.

9. Marketers may also purchase Marketplace units through a Facebook sales representative and specify their bid and budget just like marketers using the self-service channel.

10. Marketers may also purchase Marketplace Ads or Sponsored Stories through a Facebook sales representative on a “fixed” cost-per-thousand-impression (CPM) basis. This means that Facebook charges the marketer a fixed price to display an agreed-upon number of impressions. CPM Ads and Sponsored Stories are priced in units of 1,000 impressions.

² An impression is a unique display of an Ad or Sponsored Story on Facebook.

The Online Auction

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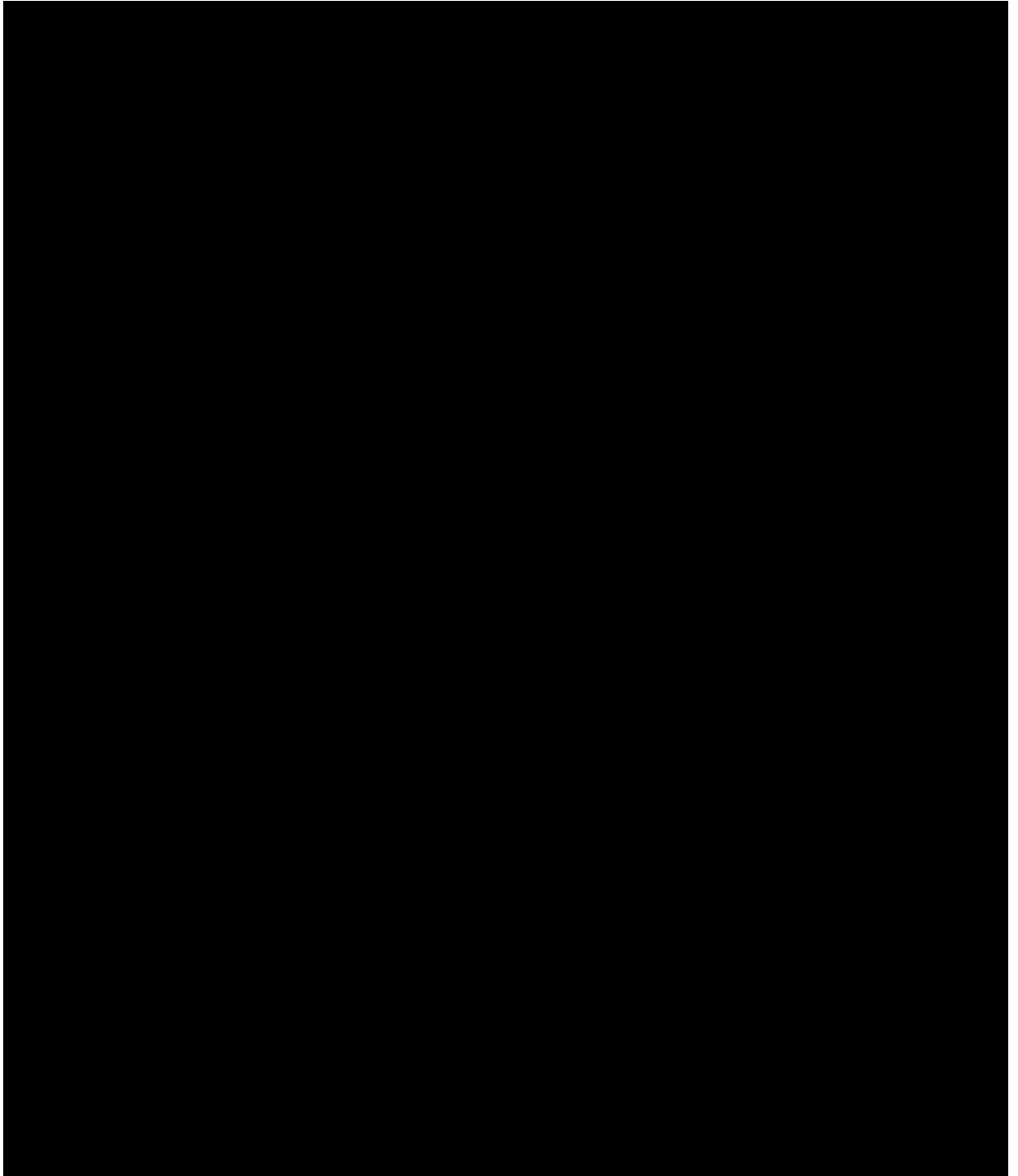
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Below are some examples showing the different ways in which Ads and Sponsored Stories may be displayed on the right-hand side.

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Examples of Ads and Sponsored Stories as Displayed on Right-Hand Side of Pages



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[REDACTED]

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[REDACTED]

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[REDACTED]

[REDACTED] This is consistent with Facebook's overall goal of showing Users the most relevant and interesting content (sponsored or otherwise) on the site.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on April 19, 2012 at Menlo Park, California.

/s/ John Hegeman
John Hegeman

GENERAL ORDER 45 ATTESTATION

In accordance with General Order 45, concurrence in the filing of this document has been obtained from the signatory and I shall maintain records to support this concurrence for subsequent production for the Court if so ordered or for inspection upon request by a party.

Dated: April 19, 2012

COOLEY LLP

/s/ Michael G. Rhodes

Michael G. Rhodes
Attorneys for Plaintiff

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